GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

UNSTARRED QUESTION NO:504
ANSWERED ON:23.07.2015
Indian Merchandise Trade
Sreeramulu Shri B.

Will the Minister of SHIPPING be pleased to state:

(a) the quantum and percentage of Indian merchandise trade carried on Indian and foreign vessels separately during each of the last three years and the current year;
(b) whether the quantum of said trade carried on foreign vessels is considerably higher than that carried on Indian vessels;
(c) if so, the details thereof alongwith the reasons therefor; and
(d) the steps being taken by the Government to increase the share of indian vessels in the trade?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING
(SHRI PON. RADHAKRISHNAN)
(a) to (c): The Indian merchandise trade carried on Indian and foreign vessels during the last three years are as under:

Year	Quantity carried on Indian vessels (In Thousand MT)	% share	Quantity carried on Foreign vessels (In Thousand MT)	% Share	Total Quantity (In Thousand MT)
2011-12	82086	10.87	672783	89.13	754869
2012-13	70227	9.10	701531	90.90	771758
2013-14	68940	8.50	742165	91.50	811105

Although the tonnage tax regime provided relief to Indian shipping companies from corporate tax, Indian shipping companies are not cost competitive with foreign shipping companies due to several other indirect and direct taxes.

(d): In order to encourage the Indian shipping companies to own more vessels, the Government has initiated several measures such as:-
* Government has exempted Customs and Excise Duty leviable on bunker fuels used in Indian flag vessels for transportation of EXIM and empty containers between two or more ports in India.
* In the Union Budget 2015-16, Government has brought in a uniform abatement of service tax for transportation of goods by rail, road and sea vessels.
* Government has taken a policy decision to allow shipping enterprises based in India to acquire ships abroad and also flag them in the country of their convenience.
* Acquisition of all type of ships has been brought under the Open General Licence (OGL).
* To attract investment for the growth of this sector, the Government has allowed 100% Foreign Direct Investment (FDI) in the shipping sector.
* With a view to provide a level playing field to the Indian shipping industry, the government has introduced Tonnage Tax System.

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